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BEFORE THE ARIZONA CORPORATION COMMISSION

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Marc Spitzer
Chairman
William A. Mundell
Mike Gleason
Jeff Hatch-Miller
Kristin Mayes

2004 SEP 27 A 11:34

AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION OF
ARIZONA PUBLIC SERVICE COMPANY FOR
A HEARING TO DETERMINE THE FAIR
VALUE OF THE UTILITY PROPERTY FOR
RATEMAKING PURPOSES, TO FIX A JUST
AND REASONABLE RATE OF RETURN
THEREON, TO APPROVE RATE SCHEDULES
DESIGNED TO DEVELOP SUCH RETURN,
AND FOR APPROVAL OF PURCHASED
POWER CONTRACT.

DOCKET NO.

E-01345A-03-0437

Arizona Corporation Commission

DOCKETED

SEP 27 2004


DOCKETED BY

chr

NOTICE OF FILING TESTIMONY

Pursuant to the amended procedural order in this matter dated August 20, 2004, the PPL EnergyPlus, LLC, and PPL Sundance Energy, LLC ("PPL") hereby submit the initial settlement testimony of Jesse A. Dillon.

Respectfully submitted, this 27th day of September, 2004.



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2 CERTIFICATE OF SERVICE

3 An original and 13 copies of the referenced testimony
4 filed this 27th day of September, 2004, with:

5 Docket Control
6 Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

7 Copies of the referenced testimony
8 hand delivered this 27th day of September, 2004, to:

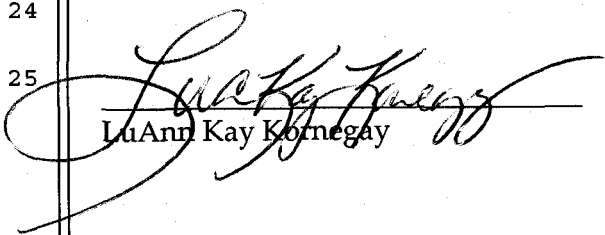
9 Mark Spitzer, Chairman
10 Philip Dion, Executive Assistant
11 William A. Mundell, Commissioner
12 Adam Stafford, Executive Assistant
13 Jeff Hatch-Miller, Commissioner
14 Dean Miller, Executive Assistant
15 Mike Gleason, Commissioner
Jodi Jerich, Executive Assistant
Kristin Mayes, Commissioner
Garry D. Hays, Executive Assistant
Christopher Kempley, Esq., Legal Division
Lyn Farmer, Esq., Hearing Division
Ernest Johnson, Esq., Utilities Division

16 A copy of the referenced testimony was
17 mailed this 27th day of September, 2004, to:

18 Thomas L. Mumaw, Esq.
19 Pinnacle West Capital Corporation
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24 Parties of Record

25 
LuAnn Kay Komegay

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3
4
5 **DIRECT TESTIMONY OF JESSE A. DILLON**
6

7 **On Behalf of PPL EnergyPlus, LLC and PPL Sundance Energy, LLC**
8

9 **Docket No. E-01345A-03-0437**
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19 **September 27, 2004**
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1 **DIRECT TESTIMONY OF JESSE A. DILLON**
2 **ON BEHALF OF PPL PARTIES**
3 **(Docket No. E-01345A-03-0437)**

4 I. INTRODUCTION

5 Q. **PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

6 A. My name is Jesse A. Dillon, and my business address is 2 North Ninth Street,
7 Allentown, PA 18101.

8
9 Q. **BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

10 A. I am employed by PPL Services Corporation ("PPL Services") as Senior
11 Counsel.

12
13 Q. **PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**
14 **WORK EXPERIENCE.**

15 A. I received a Bachelors of Arts in General Arts and Sciences from The
16 Pennsylvania State University in 1983 and a Juris Doctor from The George
17 Washington University in 1986. In 1986, I joined the law firm of Morgan, Lewis
18 & Bockius as an associate. While at Morgan, Lewis & Bockius, I represented
19 a number of gas, water and electric utilities before the Pennsylvania Public
20 Utility Commission. In 1991, I joined Pennsylvania Power & Light Company as
21 Counsel. Subsequently, I was promoted to the position of Senior Counsel.
22 During the corporate realignment of Pennsylvania Power & Light Company in
23 2000, I became an employee of PPL Services Corporation ("PPL Services")
24 along with the rest of PPL's Office of General Counsel. PPL Services is a
25 direct subsidiary of PPL Corporation.
26

1
2 **Q. PLEASE DESCRIBE YOUR DUTIES AS SENIOR COUNSEL.**

3 A. In my capacity as Senior Counsel I am responsible for numerous legal and
4 regulatory matters affecting PPL and its subsidiaries including matters before
5 state and federal courts and regulatory agencies. My primary responsibilities
6 include advising and representing PPL and its subsidiaries in matters involving
7 litigation, state and federal energy regulation and antitrust laws.
8

9 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

10 A. My testimony presents PPL Sundance Energy, LLC's and PPL EnergyPlus,
11 LLC's ("PPL Parties") positions regarding the settlement in this proceeding.
12

13 **II. SUMMARY**

14 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS.**

15 A. The PPL Parties support the settlement in this proceeding as a reasonable
16 compromise reached among the many diverse interests represented by the
17 settling parties.
18

19 **III. POSITIONS OF PPL PARTIES' REGARDING SETTLEMENT**

20
21 **Q. PLEASE DESCRIBE THE PPL PARTIES' POSITION REGARDING THE**
22 **SETTLEMENT.**

23 A. The PPL Parties are members of the Arizona Competitive Power Alliance
24 ("ACPA") and also have intervened individually in this case. The ACPA has
25 actively presented the position of merchant generators in this proceeding. In
26

1 any broad settlement such as this one, no party is likely to obtain everything it
2 proposed in litigation. However, given the significant risks and costs of
3 obtaining a favorable, fully litigated result, this settlement represents a
4 reasonable compromise. Therefore, the PPL Parties support the settlement
5 that has been reached in this case. The Testimony of Mr. Greg Patterson, on
6 behalf of the ACPA, explains why the ACPA also supports the settlement that
7 has been reached. The PPL Parties support the settlement for the same
8 reasons explained in the Testimony of Mr. Greg Patterson.
9

10 Q. **DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

11 A. Yes, it does.
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